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C O N F I D E N T I A L SECTION 01 OF 03 MADRID 001331

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SUBJECT: SPANISH POLDIR ON KOSOVO, HIZBALLAH, YEMEN,
VENEZUELA, ODYSSEY

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Classified By: DCM Hugo Llorens for reasons 1.4 (b) and (d)

¶1. (C) SUMMARY: During a July 5 meeting on a separate issue, Spanish MFA Political Director Rafael Dezcallar and the DCM discussed key bilateral issues going forward. Dezcallar said that a crucial priority in coming months should be avoiding a unilateral declaration of independence by Kosovo. He acknowledged that Spanish officials had privately met with Hizballah after the June 24 VBIED attack that killed 6 Spanish soldiers in Lebanon, and he said that Hizballah is "a fact of life" in Lebanon and enhanced security for Spanish forces requires contact with Hizballah. Dezcallar affirmed that Spain wishes to keep pushing forward with the U.S. in Latin America and would attend a bilateral Latin America Working Group at UNGA. On Venezuela, Dezcallar said that Spain's policy of engaging Chavez had not worked and that the new approach would be more proactive and critical if necessary. Finally, Dezcallar requested that the Embassy provide a formal response to Spain's June 14 diplomatic note regarding the Odyssey Explorer. END SUMMARY.

¶2. (C) During their July 5 meeting on a separate matter, the DCM and Spanish MFA Political Director Rafael Dezcallar discussed the key issues in our agenda in the coming months as well as the state of the bilateral relationship. The DCM expressed condolences for the loss of Spanish tourists in Yemen and for the soldiers killed in Lebanon. Dezcallar said that the consensus is that the victims in Yemen were Western targets of opportunity, not explicitly targeted for their Spanish nationality. Dezcallar said that he had actually visited the Yemen shrine where the bombing occurred two years ago, but that the MFA had always advised Spaniards that travel to that area was very dangerous because of kidnappings.

// "ABSURD" NOT TO TALK TO HIZBALLAH //

¶3. (C) The DCM asked whether recent press reports were true that Spain was engaging with Hizballah in the aftermath of the June 24 VBIED explosion which killed 6 Spanish soldiers in southern Lebanon. Dezcallar, somewhat defensively, said

that Hizballah is not on the EU's list of terrorist organizations and is an important part of the political scene in Lebanon. He said that if Spain wants to know what is going on in Lebanon, it must talk to Hizballah. He added, "They are not our friends, but not to talk to them would be absurd." Dezcallar said that Hizballah is "a fact of life" in Lebanon, and he emphasized that the contacts were taking place at the local level only. He drew a contrast between Hizballah and Hamas, with which he said Spain has had no contact at all. On his trip to Lebanon, Dezcallar said that he met with Parliamentary Speaker Nabih Berri who was a Shiite but not affiliated with Hizballah.

¶4. (C) The DCM underscored that Hizballah is an international bad actor, regardless of whether the EU considers it a terrorist organization. Referencing the DCM's experience in Argentina and Hizballah's devastating bombings of two Jewish community centers in Buenos Aires in the 1990's, the DCM emphasized that Spain should not want to be associated with Hizballah. Dezcallar responded again that Hizballah is not on the EU terrorist list, and that Spain's need for enhanced security for its troops required contact with Hizballah, but only at a local level.

//BILATERAL RELATIONSHIP//

¶5. (C) The DCM noted that the Ambassador did a two-year review with Foreign Minister Moratinos (septel) and that the Mission feels it has improved the relationship significantly over the past two years. Dezcallar agreed that the relationship was on a much stronger footing. He added, however, that the Spanish were disappointed by the choice to award the Joint Cargo Aircraft contract to Italy. Dezcallar said that he hoped he would be able to plan a trip to Washington in the fall. In the meantime, however, he had

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extended an invitation to Assistant Secretary Boucher to visit Madrid for consultations on Afghanistan.

//REMAIN CLOSE ON LATIN AMERICA//

¶6. (C) Noting Foreign Minister Moratinos' interest in attending a Latin America Working Group at UNGA in September, the DCM stressed that despite differences over Cuba, both countries needed to work in common purpose in other areas of Latin America. Dezcallar agreed and said that he understood that the June visit of Assistant Secretary Shannon to Madrid for the U.S.-Spain Council had gone well. The DCM said that it was a positive gesture that Shannon had come and co-chaired with Secretary of State for Latin America Trinidad Jimenez a very friendly two-hour panel on Latin America.

¶7. (C) The DCM told Dezcallar that Moratinos' comments criticizing the decision by Hugo Chavez to close RCTV had not gone unnoticed in Washington. Dezcallar said that Spain had realized on this issue that it was unable to exert any influence privately, so Moratinos decided to speak out publicly. He said that Spain still has many interests in Venezuela and will continue to work within the diplomatic space, but it will not hesitate to speak out about what it views as problems. Dezcallar was encouraged to see the reaction in Caracas to the RCTV decision, which signaled that perhaps Venezuelan civil society is not completely cowed.

//DISTANCING ON KOSOVO//

¶8. (C) Dezcallar said that the United States needs to seriously consider the impact that a unilateral Kosovar declaration of independence would have on the EU. He said that Spain simply could not recognize a territory that broke away from a sovereign nation, given the political reality of regional independence movements in Spain. Dezcallar added that Spain is not the only nation in the EU which faces this problem, and he suggested that a Kosovar declaration followed quickly by a Kosovar Serb secession would create a dangerous

division in the EU. The Russian Federation, he said, would be the net gainer of regional influence. He also warned that U.S. recognition of Kosovo would weaken the transatlantic relationship.

¶9. (C) Dezcallar therefore advised the U.S. to show patience in moving the process forward. He said that Spain is committed to helping in any way possible, but that unilateral Kosovar independence would present an internal political red line that the government could not cross. The EU's intent is to sweeten relations with Serbia to the point that it would be to their advantage to go along with Kosovar independence, although Dezcallar acknowledged that this process is moving very slowly.

//ODYSSEY//

¶10. (C) Dezcallar concluded the meeting by asking the DCM for a formal response to the Spanish diplomatic note of June 14 requesting information about the Odyssey Explorer's compliance with international law. The DCM replied that the interagency process in Washington is working on a response, but that the U.S. position is to encourage Odyssey to explain itself directly to the Spanish government. Deputy Director General for North America Pepe Moyano, who also attended the meeting, said that the government of the U.K. had cooperated fully with Spanish requests for information, and the current perception was that the U.S. was being uncooperative on a matter of great importance to the Spanish government. Moyano asked that the U.S. provide the details of Odyssey's customs declaration. The DCM assured Moyano that a formal response to the diplomatic note would be forthcoming, but that it might take a bit more time. He told Dezcallar that the Ambassador had raised the issue with Undersecretary for Legal Affairs John Bellinger, and that the matter had the Department's full attention. After the meeting, Moyano told the DCM that the Spanish were looking into a request for

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information via the Mutual Legal Assistance Treaty.

//COMMENT//

¶11. (C) Spain's engagement with Hizballah is not surprising, given Spain's demonstrated willingness to meet with all the actors in Lebanon. Their apparent certainty that Hizballah was not behind the bombing and their need to enhance the contingent's security likely influenced the decision. Dezcallar was more forceful and grave on Kosovo than he has been previously, perhaps indicating increased anxiety in the GOS that Pristina may go ahead without the Security Council's blessing. Dezcallar and other Spaniards have recently delineated a tougher line on Venezuela, clearly showing a departure from their previous policy of constructive engagement with the GOBRV, a policy which failed miserably. Mindful of strong U.S. displeasure over their policy of engagement with Cuba, the GOS appears newly receptive to greater cooperation on Venezuela and elsewhere in Latin America.

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